

House Republican Press Release

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**UConn Quarterly Fiscal Review Unveils Issue on State's Deficit and Spending Cap**



*Periodical Includes Article on Spending Cap by  
Rep. O'Neill*

HARTFORD- Representative Arthur J. O'Neill (R-Southbury) was present yesterday as the summer issue of 'The Connecticut Economy' was unveiled at a briefing at the State Capitol. The University of Connecticut publishes the magazine, which is a quarterly review.

This issue includes an in-depth look at the state's Constitutional spending cap, and includes an article authored by Representative O'Neill, who is Ranking Member on the General Assembly's budget-writing Appropriations Committee, defending the spending cap. It also contains a piece by Rep. Denise Merrill (D-Mansfield) who is Co-Chair of the Appropriations Committee, who advocates reforming the cap.

In her piece, Representative Merrill termed the state spending cap "flawed" because it "rebased" downward every budget year to last year's spending." She also observed that the "fundamental need is not for less spending *per se*, but for honest, performance-based budgeting." She was recently quoted in the Hartford Courant as saying that she felt the spending cap was more of a "guideline" and not a "straitjacket."

"I think that demonstrates the problem with the legislative Democrats' approach to this issue," said Representative O'Neill.

O'Neill noted in his piece that "The people responded with 829,868 YES votes" when they enacted the Spending Cap Amendment to the Constitution, which was the largest number of votes in Connecticut history. "Today we anticipate a large surplus for fiscal 2005, and the urge to spend is strong. Economic warning signs are flashing, but legislative Democrats propose to increase taxes by nearly \$1 billion and to breach the spending cap with the biggest spending increases since the late 1980's."

Rep. O'Neill noted the untenable position of legislative Democrats who have relentlessly struggled to reconcile their policy of increasing taxes and increasing spending with the overwhelming vote of Connecticut residents in 1992 to implement a protective cap upon implementation of the state income tax. "The Democrats in the legislature are saying they advocate reforming the Spending cap," said Rep. O'Neill. "Yet, what they are really

seeking is to deform the spending cap. This has massive and devastating repercussions on the economy of the state, and depressed consumer confidence.”

Also unveiled at the briefing was a Webster-UConn survey from April of this year concerning consumer confidence. It showed that over 40% of respondents felt jobs were difficult to get in their area, and that nearly 80% of respondents had no plans in the near future of making a purchase of a new motor vehicle, and over 90% did not plan on buying a new home any time soon.

“This reflects a predictable stagnation in our state’s economy,” said Representative O’Neill. “The legislature seems unable to see the connection with the poor financial policies they have imposed over the last several years, and the fact that the job market and the state’s economy are suffering. Eventually overspending and overtaxing catches up with us.”

More information can be found on the Internet by visiting <http://cteconomy.uconn.edu>.